

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SANDY VALLEY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2000-399
PURSUANT TO KRS 278.023)	
)	

O R D E R

On August 16, 2000, Sandy Valley Water District ("Sandy Valley Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,541,000 waterworks improvement project. This project consists of the installation of approximately 3.4 miles of 6-inch through 12-inch water transmission mains, the construction of two 200,000-gallon water storage tanks, the renovation of two existing 150,000 gallon water storage tanks and the construction of a 2,400 square foot office and warehouse building. This project will provide service to 25 new customers. Project funding consists of a \$1,526,000 loan from the U.S. Department of Agriculture's Rural Development ("RD") and a \$15,000 contribution from the applicant.

On August 24, 2000, Mountain Water District, a wholesale purchaser of water from Sandy Valley Water, filed a motion to intervene in this case. It stated that because of its position as a wholesale purchaser, it has a substantial and special interest in the rates proposed by Sandy Valley Water. Mountain Water District requested this

Commission to grant it intervention to produce information regarding the rates requested by Sandy Valley Water in the application.

On September 6, 2000, the Commission granted intervention and ordered Mountain Water District to explain why KRS 278.023 does not govern the Commission's review of the application and preclude it from reviewing rates. In response, Mountain Water District stated that it received information that its rates would not change and that based upon that information, it stated it would withdraw its motion upon receipt of such information by the Commission. Sandy Valley Water provided this information to the Commission. Therefore, Mountain Water District's motion is withdrawn.

Sandy Valley Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on September 14, 2000, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Sandy Valley Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Sandy Valley Water's proposed plan of financing with RD is accepted.
3. Sandy Valley Water is authorized to issue bonds not to exceed \$1,526,000.

4. Sandy Valley Water shall file a copy of the “as-built” drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Sandy Valley Water shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Sandy Valley Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Sandy Valley Water shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

8. Sandy Valley Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Three years from the effective date of this Order, Sandy Valley Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 6th day of October, 2000.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas M. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2000-399 DATED OCTOBER 6, 2000

The following rates and charges are prescribed for the customers in the area served by Sandy Valley Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8 Inch x 3/4 Inch Meter

First	2,000 gallons	\$ 11.00	Minimum bill
Next	3,000 gallons	4.50	per 1,000 gallons
Next	15,000 gallons	4.10	per 1,000 gallons
Next	30,000 gallons	3.62	per 1,000 gallons
Next	50,000 gallons	3.39	per 1,000 gallons
All Over	100,000 gallons	3.22	per 1,000 gallons

1 Inch Meter

First	5,000 gallons	\$ 24.50	Minimum bill
Next	15,000 gallons	4.10	per 1,000 gallons
Next	30,000 gallons	3.62	per 1,000 gallons
Next	50,000 gallons	3.39	per 1,000 gallons
All Over	100,000 gallons	3.22	per 1,000 gallons

2 Inch Meter

First	25,000 gallons	\$ 104.10	Minimum bill
Next	25,000 gallons	3.62	per 1,000 gallons
Next	50,000 gallons	3.39	per 1,000 gallons
All Over	100,000 gallons	3.22	per 1,000 gallons

3 Inch Meter

First	50,000 gallons	\$ 194.60	Minimum bill
Next	50,000 gallons	3.39	per 1,000 gallons
All Over	100,000 gallons	3.22	per 1,000 gallons

4 Inch Meter

First	100,000 gallons	\$ 364.10	Minimum bill
All Over	100,000 gallons	3.22	per 1,000 gallons

Wholesale Rate

Mountain Water District	\$ 2.40	per 1,000 gallons
All other bulk users	\$ 3.22	per 1,000 gallons